

TOWNSHIP OF WHEATLAND

AUDIT REPORT

MARCH 31, 2008

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* TOWNSHIP OF WHEATLAND	County* HILLSDALE	Type* TOWNSHIP	MuniCode* 30-1-160
Opinion Date-Use Calendar* 11/13/2008	Audit Submitted-Use Calendar* Nov 26, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ ☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☐ ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ ☐ 5. Did the local unit adopt a budget for all required funds?
- ☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ ☐ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☐ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ ☐ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ ☐ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ ☐ 18. Are there reported deficiencies? ☒ 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 132,223.00
General Fund Expenditure:	<input type="checkbox"/> \$ 115,934.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 269,215.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* KELLY	Last Name* HODSHIRE	Ten Digit License Number* 1101020992		
CPA Street Address* 479 E. CHICAGO RD	City* JONESVILLE	State* MI	Zip Code* 49250	Telephone* +1 (517) 849-2410
CPA Firm Name* BAILEY, HODSHIRE & COMPANY	Unit's Street Address* 2991 WALDRON RD	Unit's City* NORTH ADAMS	Unit's Zip* 49262	

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Bailey, Hodshire
& Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Supervisor and
Members of the Township Board
Township of Wheatland
Hillsdale County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Wheatland as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Wheatland as of March 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and pages 18 through 20, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Wheatland's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic

Township of Wheatland

Page 2

financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bailey, Hoadshue + Company PC

November 13, 2008

Jonesville, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF WHEATLAND

This section of Wheatland Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the Township's financial statements which follow this section.

Financial Highlights

The following represents the most significant financial highlights for the year ended March 31, 2008:

- The assets of the Township exceeded its liabilities at March 31, 2008 by \$288,883 (net assets). Of this amount, \$269,215 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$13,496.
- As of March 31, 2008, the Township's governmental funds reported combined ending fund balances of \$269,215, an increase of \$16,289. The entire amount is available for spending at the government's discretion (unreserved fund balance).

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps explain the condition of the Township. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. In a condensed format, the tables below show the Township's net assets and changes in net assets for the year.

TABLE 1 - NET ASSETS

	<u>2007</u>	<u>2008</u>
Assets:		
Current Assets	\$ 256,239	\$ 273,980
Capital Assets (net of depreciation)	<u>22,461</u>	<u>19,668</u>
Total Assets	<u>\$ 278,700</u>	<u>\$ 293,648</u>
Liabilities:		
Current Liabilities	\$ 3,313	\$ 4,765
Long-term Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 3,313</u>	<u>\$ 4,765</u>
Net Assets:		
Invested in Capital Assets, net of related debt	\$ 22,461	\$ 19,668
Restricted	0	0
Unrestricted	<u>252,926</u>	<u>269,215</u>
Total Net Assets	<u>\$ 275,387</u>	<u>\$ 288,883</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF WHEATLAND

The following table shows the changes in the net assets during the year:

TABLE 2 - CHANGE IN NET ASSETS

	<u>2007</u>	<u>2008</u>
Program Revenue:		
Charges for Services	\$ 2,395	\$ 4,095
Operating Grants and Contributions	3,488	3,168
General Revenue:		
Property Tax	79,220	84,481
State Shared Revenue	85,839	86,551
Unrestricted Investment Earnings	9,597	9,172
Other	<u>0</u>	<u>488</u>
Total Revenue	<u>\$ 180,539</u>	<u>\$ 187,955</u>
Expenses:		
General Government	\$ 64,972	\$ 62,091
Public Safety	58,334	61,792
Public Works	37,776	47,233
Culture & Recreation	550	550
Depreciation - Unallocated	<u>2,793</u>	<u>2,793</u>
Total Expenses	<u>\$ 164,425</u>	<u>\$ 174,459</u>
INCREASE IN NET ASSETS	<u>\$ 16,114</u>	<u>\$ 13,496</u>

Governmental Activities

Total revenues for the year were increased slightly. Expenses were increased primarily because of road projects being completed in the fiscal year and additional cemetery expenses. During the year, the Township Board continued to monitor the revenues and expenditures.

The Township's Funds

The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The Township's major funds include the General Fund and the Public Safety Fund.

The General Fund pays for most of the Township's governmental services. The most significant are road work, road stabilization (dust control on all dirt roads) and landfill expenditures; these areas incurred expenses of \$42,293 during the fiscal year ended March 31, 2008.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budgets three times to take into account events during the year. The most significant was an increase in landfill expense of \$1,300 due to increased costs per bag.

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF WHEATLAND

Capital Asset and Debt Administration

The Township did not invest in any capital assets this year. There was a continued investment in the roads within the Township. The road work is done with the cooperation of the Hillsdale County Road Commission which performs (or contracts) the work and shares the costs. This infrastructure is not reported on the Township's financial statements because the roads are not the property of the Township. Details of the Township's capital assets are continued in the notes to the financial statements on page 16.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2008/2009 is based on similar revenues as was for year ended March 31, 2008. However, because of the impact of the State-shared revenue cuts, the Township will continue to watch its budget very close.

The Township switched insurance carriers effective 4/1/08 to cut insurance costs. Elections will be held during the year ended March 31, 2009. The Township has seen a dramatic increase in absentee ballots which increase election costs. The Addison Hospital Authority is working toward disbanding the Authority. The Township no longer has to collect property tax revenue to remit to the Authority.

Contacting the Township's Management

This Financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF WHEATLAND
STATEMENT OF NET ASSETS
MARCH 31, 2008

ASSETS	
Cash & investments	\$ 260,137
Taxes receivable	13,843
Capital assets - net	<u>19,668</u>
Total assets	<u>\$ 293,648</u>
LIABILITIES	
Accounts payable	\$ <u>4,765</u>
Total liabilities	<u>\$ 4,765</u>
NET ASSETS	
Investment in capital assets, net of related debt	\$ 19,668
Unrestricted	<u>269,215</u>
Total net assets	<u>\$ 288,883</u>
Total liabilities and net assets	<u>\$ 293,648</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF WHEATLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General Government	\$ 62,091	\$ 3,405	\$ 0	\$ 0	\$ (58,686)
Public Safety	61,792	690	0	0	(61,102)
Public Works	47,233	0	3,168	0	(44,065)
Culture & Recreation	550	0	0	0	(550)
Depreciation-Unallocated	<u>2,793</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,793)</u>
Total	<u>\$ 174,459</u>	<u>\$ 4,095</u>	<u>\$ 3,168</u>	<u>\$ 0</u>	<u>\$(167,196)</u>

General Revenues:

Property tax, levied for general purposes	\$ 28,749
Property tax, levied for public safety	55,732
State shared revenue	86,551
Unrestricted investment earnings	9,172
Other	<u>488</u>

Total General Revenues \$ 180,692

Change in Net Assets \$ 13,496

Net Assets - Beginning 275,387

Net Assets - Ending \$ 288,883

The accompanying notes are an integral part of this statement.

TOWNSHIP OF WHEATLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2008

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash & investments	\$ 260,137	\$ 0	\$ 260,137
Taxes receivable	3,637	6,897	10,534
Due from other funds	3,426	0	3,426
Due from agency fund	<u>3,309</u>	<u>0</u>	<u>3,309</u>
Total assets	<u>\$ 270,509</u>	<u>\$ 6,897</u>	<u>\$ 277,406</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 1,294	\$ 3,471	\$ 4,765
Due to other funds	<u>0</u>	<u>3,426</u>	<u>3,426</u>
Total liabilities	<u>\$ 1,294</u>	<u>\$ 6,897</u>	<u>\$ 8,191</u>
Fund Equity:			
Fund Balance			
Reserved	\$ 0	\$ 0	\$ 0
Unreserved/Undesignated	<u>269,215</u>	<u>0</u>	<u>269,215</u>
Total fund equity	<u>\$ 269,215</u>	<u>\$ 0</u>	<u>\$ 269,215</u>
Total liabilities and fund equity	<u>\$ 270,509</u>	<u>\$ 6,897</u>	<u>\$ 277,406</u>

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds
to the Net Assets of Governmental Activities on the Statement of Net Assets

Fund Balances - total governmental funds	\$ 269,215
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add: capital assets	82,301
Deduct: accumulated depreciation	<u>(62,633)</u>
Net assets of governmental activities	<u>\$ 288,883</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF WHEATLAND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
MARCH 31, 2008

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE			
Property taxes	\$ 28,749	\$ 55,732	\$ 84,481
State shared revenue	89,719	0	89,719
Charges for services	4,095	0	4,095
Interest	9,172	0	9,172
Miscellaneous	<u>488</u>	<u>0</u>	<u>488</u>
Total revenue	<u>\$ 132,223</u>	<u>\$ 55,732</u>	<u>\$ 187,955</u>
EXPENDITURES			
General government	\$ 62,091	\$ 0	\$ 62,091
Public safety	2,972	58,820	61,792
Public works	47,233	0	47,233
Recreation and culture	<u>550</u>	<u>0</u>	<u>550</u>
Total expenditures	<u>\$ 112,846</u>	<u>\$ 58,820</u>	<u>\$ 171,666</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 19,377</u>	<u>\$ (3,088)</u>	<u>\$ 16,289</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 0	\$ 3,088	\$ 0
Transfers out	<u>(3,088)</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>\$ (3,088)</u>	<u>\$ 3,088</u>	<u>\$ 0</u>
NET CHANGE IN FUND BALANCES	\$ 16,289	\$ 0	\$ 16,289
FUND BALANCES - BEGINNING	<u>252,926</u>	<u>0</u>	<u>252,926</u>
FUND BALANCES - ENDING	<u>\$ 269,215</u>	<u>\$ 0</u>	<u>\$ 269,215</u>

The accompanying notes are an integral part of this statement.

TOWNSHIP OF WHEATLAND
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

Net changes in fund balances - total governmental funds	\$ 16,289
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	0
Deduct: depreciation expense	<u>(2,793)</u>

Change in net assets of governmental activities	<u>\$ 13,496</u>
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The accompanying notes are an integral part of this statement.

TOWNSHIP OF WHEATLAND
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
MARCH 31, 2008

ASSETS

Cash	\$ 3,309
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LIABILITIES

Due to Township General Fund	\$ 3,309
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF WHEATLAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Wheatland is located in Hillsdale County, Michigan, and comprises a population of approximately 1,258 residents. It is governed by a board consisting of 5 members with a supervisor as its head.

The accounting policies of the Township of Wheatland conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The following is a summary of significant accounting policies used by the Township of Wheatland:

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Township's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Property taxes, state shared revenue, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

Fund Financial Statements - Fund financial statements report detailed information about the Township. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds (if any) are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus and Basis of Accounting

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the

TOWNSHIP OF WHEATLAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is to be collected with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting.

Under the modified accrual basis, property taxes, state shared revenue, interest, and grants are considered to be both measurable and available at fiscal year-end. All other revenue items are considered to be available only when cash is received by the Township.

Financial Statement Presentation

The Township uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Township functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Township reports the following major governmental funds:

General Fund - used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

Public Safety Fund - established as a special revenue fund to account for the revenue and expenditures associated with fire and ambulance services.

Additionally, the Township reports the following fund type:

Fiduciary Fund/Trust and Agency Fund

Tax Collection Fund - used to account for property taxes collected from residents on behalf of the Township along with other governmental units in the county. This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Assets, Liabilities, and Net Assets

Bank Deposits and Investments - Cash and investments are reported at cost.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date

TOWNSHIP OF WHEATLAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

received. The Township maintains a capitalization threshold of \$500. The Township does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	50 years
Furniture & Fixtures	20 years
Cemetery Equipment	15 years
Technology	5 years

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net assets.

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Township Board at the line-item level. Any budgetary modifications may only be made by resolution of the Township Board. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to March 31, the Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing on April 1.
- 2) A public hearing is conducted during March to obtain taxpayer comments.
- 3) Prior to March 31, the budget is legally enacted through passage of a resolution.
- 4) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

TOWNSHIP OF WHEATLAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

<u>Fund</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund	Transfers Out	\$ 0	\$3,088	\$3 088

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes authorize the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. As of March 31, 2008, the Township's deposits are in accordance with statutory authority.

The Township's deposits and investments are subject to several types of risk, which are examined in more detail as follows:

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township minimizes credit risk by limiting investments to the types of securities allowed by State law. The Township has no policy that would further limit its investment choices.

Concentration of Credit Risk - The Township places no limit on the amount the Township may invest in any one issuer.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. At March 31, 2008, the carrying amount of the Township's bank deposits was \$260,137 and the bank's balance was \$260,724. Of the total bank balance, \$229,985 was covered by federal depository insurance and \$30,739 was uninsured. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township has no policy that specifically identifies interest rate risk.

Foreign Currency Risk - The Township is not authorized to invest in investments which have this type of risk.

Investments

There were no investments held during the year

TOWNSHIP OF WHEATLAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 4 - RECEIVABLES

Receivables at March 31, 2008, consist of property taxes and are considered collectible in full.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended March 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 9,880	\$ 0	\$ 0	\$ 9,880
Capital assets being depreciated				
Buildings & Improvements	\$ 50,454	\$ 0	\$ 0	\$ 50,454
Furniture & Equipment	21,967	0	0	21,967
Subtotal	\$ 72,421	\$ 0	\$ 0	\$ 72,421
Less accumulated depreciation for				
Buildings & Improvements	\$ (47,962)	\$ (178)	\$ 0	\$ (48,140)
Furniture & Equipment	(11,878)	(2,615)	0	(14,493)
Subtotal	\$ (59,840)	\$ (2,793)	\$ 0	\$ (62,633)
Total capital assets being depreciated, net	\$ 12,581	\$ (2,793)	\$ 0	\$ 9,788
Total capital assets, net	\$ 22,461	\$ (2,793)	\$ 0	\$ 19,668

Depreciation expense was charged to functions/programs of the Township as follows:

General Government	\$ 2,793
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NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at March 31, 2008, is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 3,309	Tax Collection Fund	\$ 3,309
General Fund	3,426	Public Safety Fund	3,426
	\$ 6,735		\$ 6,735

Interfund transfers during the year consisted of the following:

Transfers from Tax Collection Fund to General Fund	\$ 49,551
Transfer from General Fund to Public Safety Fund	3,088

The amount due to General Fund from the Tax Collection Fund represents Township property taxes that have been collected but not yet transferred to General Fund. The amount due to General Fund from the Public Safety Fund represents reimbursement due for payment of fire services.

TOWNSHIP OF WHEATLAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 7- PROPERTY TAXES

Real estate and personal property taxes are recorded as revenue in an amount equal to the total taxes levied. There are no provisions made for possible uncollectible taxes. The total levy for 2007 was .7964 mills for general operations, .7500 mills for ambulance services and .7500 mills for fire services on a total state taxable valuation of approximately \$37,154,364. The Township properties are assessed as of December 31 (the lien date), taxes levied December 1 of the succeeding year and due without interest to March 1. After March 1, the delinquent taxes real portion are turned over to the County Treasurer for collection. The personal properties continue to be collectible by the Township Treasurer.

NOTE 8 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has purchased commercial insurance for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, buildings and contents), workers compensation, and other appropriate coverages. There has been no significant reduction in insurance coverages, and settled claims have not exceeded the amount of insurance coverage in any of the past 3 years.

NOTE 9 - UNEMPLOYMENT TAXES

The Township is a reimbursing employer to the Michigan Unemployment Insurance Agency and as such is responsible to pay the Agency for those benefits paid and charged to its account. As of March 31, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF WHEATLAND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of year fund balance	\$ 252,926	\$ 252,926	\$ 252,926	\$ 0
Resources (inflows)				
Property taxes	34,000	34,000	28,749	(5,251)
State shared revenue	82,406	82,406	89,719	7,313
Charges for services	5,000	5,000	4,095	(905)
Interest income	10,700	10,700	9,172	(1,528)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>488</u>	<u>(512)</u>
Amounts available for appropriation	<u>\$ 386,032</u>	<u>\$ 386,032</u>	<u>\$ 385,149</u>	<u>\$ (883)</u>
Charges to appropriations (outflows)				
General Government				
Township Board				
Salaries	\$ 1,800	\$ 1,800	\$ 1,800	\$ 0
Dues and subscriptions	700	700	686	(14)
Mileage	1,000	1,000	769	(231)
Telephone	800	800	500	(300)
Office supplies	3,000	3,000	1,976	(1,024)
Professional Fees	3,000	3,000	462	(2,538)
Payroll tax	3,900	3,900	3,670	(230)
Printing and publishing	1,000	1,000	283	(717)
Insurance and bonds	6,000	6,000	5,959	(41)
Miscellaneous	1,500	1,500	0	(1,500)
Supervisor				
Salary	4,800	4,800	4,800	0
Zoning				
Salary	1,200	1,200	1,200	0
Zoning expense	3,000	3,000	1,675	(1,325)
Clerk				
Salary	6,600	6,600	6,600	0
Deputy	250	250	0	(250)
Land Division Administration	1,000	1,000	97	(903)
Board of Review	1,000	1,000	805	(195)
Treasurer				
Salary	8,580	8,580	8,580	0
Deputy	250	250	0	(250)
Printing	1,500	1,500	1,478	(22)

TOWNSHIP OF WHEATLAND
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance With Amended <u>Budget</u>
Assessor				
Contract services	\$ 8,000	\$ 8,000	\$ 7,949	\$ (51)
Elections	500	500	467	(33)
Building and grounds	3,000	3,000	2,991	(9)
Cemetery				
Sexton salary	900	900	900	0
Maintenance	11,000	11,500	11,416	(84)
Public Safety				
Ambulance service	0	1,300	0	(1,300)
Public Works				
Roads	58,000	55,400	31,630	(23,770)
Drains	2,000	2,000	1,940	(60)
Landfill	13,000	13,800	13,663	(137)
Culture and Recreation	550	550	550	0
Capital Outlay	5,000	5,000	0	(5,000)
Transfers to other funds	<u>0</u>	<u>0</u>	<u>3,088</u>	<u>3,088</u>
Total charges to appropriations	<u>\$ 152,830</u>	<u>\$ 152,830</u>	<u>\$ 115,934</u>	<u>\$ (36,896)</u>
End of year fund balance	<u>\$ 233,202</u>	<u>\$ 233,202</u>	<u>\$ 269,215</u>	<u>\$ 36,013</u>

TOWNSHIP OF WHEATLAND
BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FUND
FOR THE YEAR ENDED MARCH 31, 2008

	Original <u>Budget</u>	Amended <u>Budget</u>	<u>Actual</u>	Variance With Amended <u>Budget</u>
Beginning of year fund balance	\$ 0	\$ 0	\$ 0	\$ 0
Resources (inflows)				
Property tax revenue	30,000	30,000	55,732	25,732
Transfers from other funds	<u>0</u>	<u>0</u>	<u>3,088</u>	<u>3,088</u>
Amounts available for appropriation	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 58,820</u>	<u>\$ 28,820</u>
Charges to appropriations (outflows)				
Public Safety				
Fire protection	\$ 35,000	\$ 35,000	\$ 30,954	\$ (4,046)
Ambulance service	<u>29,866</u>	<u>29,866</u>	<u>27,866</u>	<u>(2,000)</u>
Total charges to appropriations	<u>\$ 64,866</u>	<u>\$ 64,866</u>	<u>\$ 58,820</u>	<u>\$ (6,046)</u>
End of year fund balance	<u>\$ (34,866)</u>	<u>\$ (34,866)</u>	<u>\$ 0</u>	<u>\$ 34,866</u>

OTHER SUPPLEMENTARY INFORMATION



TOWNSHIP OF WHEATLAND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CURRENT TAX COLLECTION FUND
FOR THE YEAR ENDED MARCH 31, 2008

	Balance <u>April 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2008</u>
ASSETS				
Cash	\$ 948	\$ 838,888	\$ 836,527	\$ 3,309
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES				
Due to Other Funds	\$ 948	\$ 52,139	\$ 49,778	\$ 3,309
Due to County	0	446,592	446,592	0
Due to Schools	0	315,763	315,763	0
Due to Other Govt. Units	<u>0</u>	<u>24,394</u>	<u>24,394</u>	<u>0</u>
	<u>\$ 948</u>	<u>\$ 838,888</u>	<u>\$ 836,527</u>	<u>\$ 3,309</u>

The accompanying notes are an integral part of this statement.

Bailey, Hodshire & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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P.O. BOX 215
JONESVILLE, MI 49250

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November 13, 2008

Wheatland Township
Hillsdale County, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Wheatland Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and material weaknesses..

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiency to be a significant deficiency in internal control.

Financial Statement Preparation

The Township does not have procedures in place to prepare financial statements in accordance with accounting principles generally accepted in the United States of America, including procedures to record accruals for revenue and expenditures, to track changes in capital assets, and to present required financial statement disclosures. We recognize the time and expense that would be required to obtain the necessary training and expertise to perform this task internally. We recommend that you continue to carefully review the draft financial statements and notes prepared by your external auditors prior to approving them and accepting responsibility for their content and presentation.

Wheatland Township

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we do consider the significant deficiency described above to be a material weakness.

In addition, we noted other matters involving the internal control and its operation that we did not consider to be significant deficiencies or material weaknesses.

Annual Budget

There were a few accounts which had expenditures in excess of the budget for the year. We recommend that the budget be carefully and amended to prevent over-expenditure.

Investment Policy

The Township should revise its investment policy to comply with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 40.

This communication is intended solely for the information and use of the Township Board and others within the Township, and is not intended to be and should not be used by anyone other than these specified parties.

Bailey, Hodshue + Company PC

Jonesville, Michigan

November 13, 2008